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News Release

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Share! #Durham's proposed FY16-17 budget includes 1.66 cent tax rate increase

Durham's Proposed Budget Reflects Citywide Growth and Needs

1.66 Cent Tax Rate Increase Proposed

DURHAM, N.C. – Citing the critical need to meet Durham's growing priorities, including public safety, affordable housing and capital improvement, City Manager Tom Bonfield proposed a 1.66 cent tax rate increase above the City's revenue-neutral rate of 54.41 cents per \$100 of assessed value, following Durham's most recent revaluation of real property. The new proposed tax rate would be 56.07 cents per \$100 of assessed value, reflecting a decrease of 3.05 cents from the current tax rate of 59.12 cents.

State law requires taxing units to publish a revenue-neutral tax rate, which is the rate needed to produce the same amount of revenue if real property had not been reappraised. Since Durham's last revaluation in 2008, the city has seen an overall increase in growth of about 16 percent.

"While that revenue growth was significant, changing the value of a penny on the tax rate from \$2.5 million to \$2.75 million. It just wasn't enough to pay for many of the increasing wants and needs Durham residents called for at public meetings, including the Coffees with Council, over the past few months," Bonfield said.

The proposed tax rate generates a tax bill of \$1,005.32 on a house valued at \$179,297.50, the median house value for the City of Durham according to the Durham County Office of Tax Administration.

Bonfield recommends a [total preliminary budget for FY 2016-17](#) of \$403.7 million, a nearly 4 percent increase from last year, and includes a \$180.9 million budget for services covered by

the general fund, a little more than 5 percent increase from last year. Fighting crime and funding other public safety needs continue to warrant a significant portion of the city's proposed budget, with about \$2.5 million dedicated for public safety pay and retention. Also included is funding for 20 additional sworn officers and a three-year phase-in of a Take-Home Car program to encourage officers to live in Durham neighborhoods and promote community policing.

The City also will introduce a new "City Hall on the Go" program for City employees to meet face-to-face with Durham neighborhood residents to encourage them to get involved with their community and City government. Neighborhood mini-grants will be offered to help beautify neighborhoods and promote public safety.

The proposed budget also includes a continuation of the "penny for housing." According to Bonfield, expectations are that amount, approximately \$2.75 million, will not be sufficient to meet needs and recommendations that will come from the City's consultant Enterprise Community Partners, which will present the affordable housing guidelines and priorities at a June 2 meeting.

The street resurfacing fund is recommended to receive a \$1 million boost, increasing the fund to \$3 million along with funding allocated for repairing sidewalks. Other fee changes include modest water and sewer rate increases that were previously approved by the City Council during its May 2 meeting. There are no proposed stormwater rate increases.

The Capital Improvement Plan (CIP) budget contains \$9.9 million in general fund capital projects, including \$2.5 million for the Duke Beltline Trail, \$2 million for public safety radio replacements, \$2 million for new sidewalk design, \$560,000 for the Kelly Bryant Bridge South Trail land acquisition & design, and \$510,000 for sidewalk repair. The remaining \$164 million of CIP funding is dedicated to water and sewer and stormwater enterprise projects. CIP funding is provided through impact fees, water and sewer revenues, revenue bonds, stormwater fees, and pay-go funds.

Other highlights include:

- \$700,000 for deferred maintenance
- \$45,400 for the return of the Holiday Parade

- New Development Services Center to create a business-friendly environment that will provide time-sensitive and an easy-to-navigate development review process
- Continuation of the pay-for-performance, including a 4 percent average pay increase for general and fire employees and 4.5 percent average increase for police employees
- Employee health care premiums will rise by 10 percent, while dental premiums remain the same

The budget also estimates fund balance reserves at approximately 28 percent, with \$7 million of these funds to be used for one-time expenditures. The City continues to maintain excellent fiscal status with an AAA bond-rating from all three ratings agencies – achieved by only a few of the nation's more than 22,500 cities.

A public hearing is scheduled for the preliminary budget for Monday, June 6 at 7 p.m. in the City Council Chambers with final budget approval set for Monday, June 20. To review the proposed budget, visit the [FY 2016-2017 preliminary budget webpage](#) or copies may also be reviewed in the City Clerk's Office and the City's Budget and Management Services Department at City Hall.

About the City of Durham Budget & Management Services Department

The [Budget and Management Services Department](#) is responsible for the development and oversight of the [City's annual budget](#) and [Capital Improvement Program \(CIP\)](#). The department is also responsible for performance management, continuous improvement, and strategic planning. Guided by the City's [Strategic Plan](#), which the department established and maintains, the department helps to ensure that the City of Durham is an innovative and high-performing organization by working with City departments to build and implement performance measurement monitoring and evaluation.

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